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Federal Communications Commission
Washington, D.C. 20554

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FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF SECRETARY

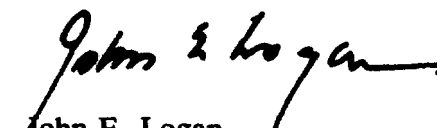
January 13, 1995

The Honorable John McCain
United States Senate
111 Russell Senate Office Building
Washington, D.C. 20510-0303

Dear Senator McCain;

DOCKET FILE COPY ORIGINAL
Thank you for forwarding the letter regarding GN Docket No. 90-314 on behalf of Mr. Eugene Schupak of Scottsdale, AZ. Attached is a copy of the response we sent to Mr. Schupak.

Sincerely,


John E. Logan
Deputy Director
Office of Legislative and
Intergovernmental Affairs

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Federal Communications Commission
Washington, D.C. 20554

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JAN 23 1995

**FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF SECRETARY**

January 13, 1995

Mr. Eugene Schupak
9440 E. Mariposa Grande
Scottsdale, AZ 85255

Dear Mr. Schupak;

Thank you for your letter regarding GN Docket No. 90-314 on behalf your communications company in Scottsdale, AZ. The Commission has, in an ongoing process, established rules for the provision of Personal Communications Services (PCS). These rules address the important role of small communications companies.

The Commission has sought to structure its rules in a manner that recognizes the unique qualities of rural areas. Section 309(j) of the Communications Act emphasizes the need to ensure that the promise of innovation and economic growth that PCS holds is realized throughout all parts of the country. To this end, the Commission's actions on June 9, 1994, June 29, 1994, and November 10, 1994 delineate several specific provisions that are intended to effectuate the law's intention.

Specifically, the Commission's auction structure provides that rural telephone companies may obtain broadband PCS licenses that are geographically partitioned from PCS service areas. Rural telephone companies may form bidding consortia and partition the licenses won among the consortia participants. Alternatively, a rural telephone company may acquire partitioned broadband PCS licenses from other licensees through private negotiation and agreement, either before or after the auction. In the context of broadband PCS, a rural telephone company is defined as those local exchange carriers, including all affiliates, having 100,000 or fewer access lines.

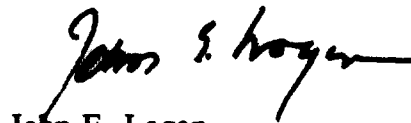
Additionally, small telephone companies will likely qualify for the two broadband PCS entrepreneurs' blocks that are committed to smaller businesses, i.e., those with annual gross revenues of less than \$125 million and total assets of less than \$500 million. In these blocks, eligibility will permit small businesses applying for PCS licenses: 1) to obtain up to 85 per cent of their passive equity from larger investors, 2) to pay for their licenses in installments, thus deferring payments of principal on their debt, 3) to obtain tax certificates that defer payment of capital gains realized upon any sale to a company controlled by minorities and women; and 4) to obtain a 25 percent discount on the ordinary upfront payment. In addition, telephone companies with less than \$40 million in annual gross revenues will receive a 10 per cent bidding credit. These benefits are further enhanced for businesses owned by women and minorities.

Mr. Eugene Schupak
page 2

Throughout its efforts to structure the license awards for PCS, the Commission has strived to be sensitive to the substantial challenges faced by rural areas in attracting the range of opportunities and choices that technology affords. Notably, the proceedings give special recognition to the infrastructure and expertise of rural telephone companies. We think that the various initiatives addressing these needs will provide a meaningful opportunity that will foster the development of PCS in these very areas and throughout the United States.

The Commission very much appreciates receiving your thoughts. They played an important role in the Commission's consideration of how best to resolve the many issues at stake in the PCS proceedings. Please let us know if we can provide any other information.

Sincerely,

A handwritten signature in dark ink, appearing to read "John E. Logan", with a stylized flourish at the end.

John E. Logan
Deputy Director
Office of Legislative and
Intergovernmental Affairs

JOHN McCAIN
ARIZONA

United States Senate

WASHINGTON, D.C. 20510

March 2, 1994

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Federal Communications Commission
Office of Legislative Affairs
Room 808
1919 M Street, NW
Washington, D.C. 20554

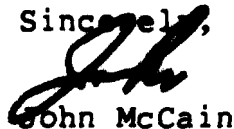
Dear Sir or Madam:

I have enclosed an inquiry which I have received from Eugene Schupak of Scottsdale, Arizona.

I would greatly appreciate it if you would review this material within existing rules, regulations and ethical guidelines. Please send a prompt response addressing this issue directly to my constituent, and provide me with a copy of the response for my records.

PLEASE SEND THE COPY TO THE ATTENTION OF: Grant Seiffert in my Washington office, 111 Russell Senate Office Building, Washington, D.C. 20510. Thank you very much for your kind assistance and cooperation.

Sincerely,



John McCain
United States Senator

JM/gs
Enclosure

EUGENE SCHUPAK, M.D.

9440 E. MARIPOSA GRANDE
SCOTTSDALE, ARIZONA 85255
(602) 585-0756

February 3, 1994

The Honorable John McCain
UNITED STATES SENATE
Washington, DC 20510

Dear John,

I recently joined the board of Choice Communications, a new but rapidly growing communication company primarily involved in the cellular telephone business in Phoenix. I have just learned of certain proposals put forth by the FCC, including the use of competitive bidding in awarding licenses for the use of radio spectrum, including those licenses to be issued for new Personal Communications Services (PCS).

I am particularly interested in the FCC's final rule making (expected in mid-March) relative to reserving two spectrum blocks for bidding exclusively by small businesses and other designated entities (PP Docket No. 93-253). In addition, I believe other considerations need to be addressed, which will enable small business to effectively compete.

I agree with the FCC that small business participation in the wireless communications industry could be effectively encouraged by the following proposals:

- o By providing for a separate auction composed only of small businesses and other designated entities for two licenses (channel blocks C and D) in each service area
- o By adopting the FCC's proposed installment payment plans for qualifying small businesses
- o By allowing small businesses to make smaller down payments than other entities
- o By preventing any one class of license to be given an advantage over another within a particular geographic area

The Honorable John McCain

Page 2

February 3, 1994

Congress's mandate to the FCC in September to accommodate small business in the auction of public spectrum was admirable. I would greatly appreciate your help in ensuring that the final auction rules established by the FCC truly give small business the opportunity to compete for the new PCS spectrum.

I will be out the country until February 18th and have asked Jim Wolfinger, our President, to call you to discuss our specific concerns relative to the forthcoming ruling.

Many thanks for your help, and if I don't speak with you before, perhaps I'll see you at the Glen Campbell concert on March 5th.

Sincerely,

A handwritten signature in cursive script, appearing to read "Eugene Schupak".

Eugene Schupak, M.D.

ES:LH

Via Facsimile